



## **BUDGET COMPARISONS**

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### **INTRODUCTION**

The purpose of this section is to present budget comparisons in different ways to give the reader various perspectives of the action taken by the 2001 legislature. In the following pages, the 2003 biennium budget is summarized in three ways that reflect the actions of the legislature relative to previous actions by comparing the approved budget to the: 1) executive budget request, 2) expenditures of the previous biennium, and 3) appropriations of the previous biennium by fund. These are discussed in three parts:

- ?? Comparison to Executive Budget – reports in detail how the budget adopted by the legislature compares to (differs from) the budget submitted by Governor Martz at the beginning of the session
- ?? Biennial Budget Comparisons – shows how the approved 2003 biennium budget compares to the expenditures of the 2001 biennium (the expenditures of the 2001 biennium are fiscal 2000 actual expenditures and adjusted appropriations for fiscal 2001)
- ?? Agency Budget Comparisons by Fund – compares the 2003 biennium budget to fiscal 2000 expenditures and fiscal 2001 adjusted appropriations, except that this comparison is presented by fund for each agency of state government

### **COMPARISON TO THE EXECUTIVE**

HB 2 appropriations are \$16.3 million general fund lower and \$79.3 million total funds higher than the level requested by Governor Martz. The major differences are summarized in Figure 1. In viewing these differences it is important to note three things:

- ?? The Governor supported or endorsed, but did not necessarily include in the initial HB 2 recommendation, certain legislation that impacted the final legislative HB 2 appropriation
- ?? Estimates of the costs of certain major expenditures, such as Medicaid and BASE aid, were updated during the legislative session and subsequent to publication of the Executive Budget
- ?? The Governor recommended changes to the budget subsequent to publication, including to the Department of Corrections

Figure 1 Differences, Legislative Budget Over (Under) Executive Budget HB 2 only 2003 Biennium, in Millions		
Component	General Fund	Total Funds
General		
Travel Reduction	(\$0.9)	(\$0.9)
Personal Services Reduction	(4.2)	(4.2)
Energy Contingency		1.3
Implement Other Bills*		
HB 124 - Local Government Funding**	(80.7)	(109.0)
SB 399 - Revise Liquor License	(2.3)	-
Miscellaneous Other Bills	-	4.6
Judiciary		
New Judges/Courts	0.5	0.5
District Court Oversight (HB 124)	0.8	0.8
Governor's Office		
Office of Economic Development	1.7	1.7
Department of Transportation		
Eliminate Funding for Governor's Drinking and Driving Prevention Program	(0.5)	(0.5)
Federal Sanction for Open Container/Drinking and Driving		17.1
Local Transportation and Economic Development		11.3
Various Highways State Special Revenue Reductions		(1.6)
Department of Revenue		
Move Customer Service Center from Proprietary to Budgeted	2.3	1.4
SB 512 - Electrical Energy Excess Revenue Tax Administration***	0.8	0.8
Human Services		
Plan Regional Mental Health System	2.4	2.4
1% Increase to Providers of Mental Health Services	1.0	1.0
Childcare Benefits to Access all Federal Funds	1.0	1.0
Intergovernmental Transfer Programs	(4.0)	23.0
Matching funds for Developmental Disability Programs	-	5.5
Community Collaboration Project	-	3.0
General Fund Offsets (TANF, SEARCHS, Alcohol Tax)	(8.5)	-
Mental Health Services Plan Reductions	(3.9)	(3.9)
Updated Medicaid Caseload Estimates	8.5	31.4
Miscellaneous Other Human Services	(1.6)	0.2
Natural Resource Agencies		
Replace General Fund with General License	(0.3)	-
Use RIT Balance in Excess of \$100 Million	-	0.7
Various Fish, Wildlife, Parks Federal Funds	-	(1.9)
DEQ Federal Grants	-	2.5
Agriculture Weed Control	0.2	2.9
Hard Rock Mining Bonds - SB 484	-	4.0
Other Natural Resources, Including Elimination of Agriculture Heritage	(2.4)	(2.4)
Corrections		
Intensive Alcohol Treatment Center	2.8	2.8
Pre-Release	(2.9)	(2.9)
Juvenile Placement	(1.6)	(1.6)
Secure Facilities	(6.2)	(6.2)
Miscellaneous Other Corrections	(0.6)	0.2
K-12 Education		
Provision of Flexible Spending Account (SB 390)	5.0	10.1
Spending Authority to Spend Loan to Purchase Mineral Rights - SB 445****	75.0	75.0
Additional BASE Aid	10.5	10.5
New Federal Programs	-	20.1
School Improvement/Focus on Learning	(1.0)	(1.0)
Establish Statutory Appropriation for Timber Harvest - HB 41	(1.2)	(1.2)
Out of District Tuition - SB 65	0.9	0.9
Higher Education		
Reduced Student Aid Increase	(1.1)	(1.1)
Eliminate Academic Program Development	(0.8)	(0.8)
Miscellaneous Increases and Decreases	0.4	0.2
Other		
Eliminate Legislative Branch New Proposals/Apply Vacancy Savings	(1.3)	(1.3)
Reduced Section 8 Housing and Urban Development Funds		(12.0)
Miscellaneous Net Differences Across State Government	(4.1)	(5.2)
Total	(\$16.3)	\$79.3
*Includes bills that cross agency lines, or do not materially impact general fund		
**Includes the following:		
Replacement of 9 Mill Levy with General Fund - PHHS	28.6	0.9
Appellate Defender Funding Switch	0.2	-
MUS Six Mill Levy Funding Switch	0.4	-
Local Government Reimbursement Statutory Appropriation	(109.9)	(109.9)
District court administration is included in the Judiciary.		
***Contingent upon passage of SB 512, which subsequently did not pass the legislature		
****Actual appropriation to the Department of Natural Resources and Conservation		

Among the most notable differences between the initial HB 2 budget proposed by the Governor and the legislative appropriation are the following:

- ?? The passage of HB 124, endorsed by the Governor, resulted in several major differences
  - ~~✍~~ The Governor included local government reimbursements in HB 2 in the Department of Revenue. HB 124 removed these reimbursements from HB 2 and provided a statutory appropriation instead. The reduction from the Governor's recommendation is \$109.9 million general fund over the biennium
  - ~~✍~~ State special revenues were replaced with general fund in the Department of Public Health and Human Services (DPHHS), the Montana University System, and the Appellate Defender. This change increased general fund by \$29.2 million and total funds by \$0.9 million
  - ~~✍~~ The state assumed most costs of the district courts. The Judiciary received \$800,500 over the biennium to administer the courts (all other operating court costs are included in a statutory appropriation in HB 124)
- ?? The legislature added \$75.0 million general fund not included in the Governor's budget to provide authority to spend a loan from the permanent coal tax trust to purchase mineral rights to benefit schools
- ?? Medicaid estimates were updated during the legislative session (supported by the Governor), which added \$8.5 million general fund and \$31.4 million total funds
- ?? The legislature funded an Office of Economic Development, recommended by the Governor
- ?? The legislature established intergovernmental transfer programs to provide higher Medicaid reimbursements through access to additional federal funds. These programs add \$23.0 million federal funds and replace \$4.0 million general fund

The following sections highlight the major areas of change from the Executive Budget.

## HUMAN SERVICES

The legislature approved a budget for DPHHS that was \$63.5 million, including \$22.5 million general fund, higher than the Executive Budget request. The major biennial general fund increases were:

- ?? \$28.6 million general fund increase and \$27.3 million state special revenue reduction to implement HB 124, which changed the funding for public assistance and protective service costs from county funds to general fund
- ?? \$8.5 million general fund (\$31.4 million total funds) for updated Medicaid caseload estimates
- ?? \$2.4 million, including 6.0 FTE, to fund planning and potential preliminary implementation of a new regional mental health system, and development of community services and incentives to reduce the state hospital population
- ?? \$1.0 million general fund for childcare benefits so all federal childcare matching funds available to the state may be obtained
- ?? \$1.0 million general fund to provide a 1 percent increase to providers of services to the developmentally disabled, reduce the developmental disabilities waiting list, and offset a base reduction for a change in the Medicaid matching rate
- ?? \$1.0 million general fund (\$2.3 million total funds) to raise direct care worker wages for persons assisting the developmentally disabled, physically disabled, and aged

The major changes made by the legislature that expanded federal and state special revenue above the level requested by the executive were:

- ?? \$23 million for four Medicaid intergovernmental transfer programs

- ?? \$5.5 million for matching federal funds for services for the developmentally disabled, physically disabled, and seniors; and for services provided by schools
- ?? \$3 million for a community collaboration project that will use community funds to obtain additional federal reimbursement under Title IV-E of the Social Security Act

The legislature made several reductions to the executive general fund request. These include funding switches to refinance general fund expenditures with state special revenue and federal funds as well as decreases in general fund requests. Major changes in the Executive Budget made by the legislature that resulted in general fund reductions include:

- ?? \$5.9 million in federal TANF funds offset general fund appropriations to continue federal funding for foster care instituted in the 2001 biennium, but anticipated to be discontinued due to federal regulatory changes
- ?? \$4.0 million of state special revenue from the Medicaid intergovernmental transfer program for county nursing homes offset general fund in Medicaid mental health services
- ?? \$3.9 million in general fund reductions in the Mental Health Services Plan, including service and eligibility reductions as well as executive and legislative revisions to projected caseload costs
- ?? \$1.3 million of state special revenue offset general fund for the System for the Enforcement and Recovery of Child Support (SEARCHS)
- ?? \$1.3 million general fund offset through use of alcohol tax state special revenues for mental health services
- ?? \$1.1 million general fund reduction, equivalent to a 1 percent reduction in personal services costs

Other significant changes from the Executive Budget include:

- ?? Revision to the spending plan for TANF funds known as FAIM Phase II, now known as FAIM Phase II-R
- ?? Funding revisions in foster care and subsidized adoption caseload and rate increases
- ?? Maintenance of financial eligibility for the Children's Health Insurance Program at 150 percent of the federal poverty level (\$26,475 for a family of four in 2001) rather than expansion to 160 percent as the executive requested

## **K-12 EDUCATION**

The legislature made a number of changes from the Governor's recommended level of expenditure.

- ?? The Governor recommended a 3 percent increase in fiscal 2003 in BASE aid schedules and special education. The legislature funded a 1.88 percent increase each year at an additional cost of \$10.5 million
- ?? \$5.0 million general fund was added to establish a flexible spending account, with an additional \$5.1 million in state special revenue authority to allow expenditure from the account
- ?? A \$75.0 million loan was made from the coal tax trust fund to purchase mineral rights to benefit schools. Spending authority was provided to the Department of Natural Resources and Conservation to allow expenditure of the loan
- ?? Certain timber harvest revenues are earmarked for school technology purchases. These funds had been appropriated in HB 2, but will now be appropriated statutorily
- ?? Additional federal grants or updated grant awards were received subsequent to establishment of the Executive Budget

## CORRECTIONS

The appropriation for the Department of Corrections is \$9.5 million general fund less than initially recommended by the Governor. The legislature made the following major reductions from the Executive Budget:

- ?? \$0.2 million general fund for the biennium, the equivalent of 24 percent of all general fund expenditures for travel in the fiscal 2000 base budget
- ?? Approximately \$0.8 million general fund for the biennium as a result of the 1 percent FTE reduction after other funds and FTE were restored
- ?? \$0.2 million general fund in the Administrative and Support Services Division. The legislature reduced \$0.1 million from the base budget for each year of the 2003 biennium in training and travel related to PRO-Files (Programmed Reporting of Offender's Files). The fiscal 2000 base contained increased amounts in training and travel due to the development of the new database. Because only programming needs remain in developing this system, the legislature reduced the amount for training-related travel and education/training costs to the 1999 biennium amounts. This amount also includes a reduction to the base recruitment expenditures
- ?? \$2.1 million reduction in the Community Corrections Division. The major changes in this division include the following
  - ~~??~~ \$2.8 million appropriated for a DUI treatment unit. For more information, see the narrative on SB 489 in "Other Legislation" in the Department of Corrections in Volume 4, page D-54
  - ~~??~~ \$2.9 million in total reductions to the pre-release budget. The executive requested a \$23.0 million budget for pre-release for the biennium, an increase of \$6.9 million over the fiscal 2000 base budget. The \$2.9 million reduction leaves \$20.1 million for the biennium, or an increase of 25.0 percent over the fiscal 2000 base budget. The major reductions are a result of: 1) eliminating funding for 100 new beds in fiscal 2003; 2) reducing the per diem rate that the state pays pre-release centers by \$1 per day and increasing the amount the offender must reimburse the center by the \$1 per day; and 3) reducing pre-release and pre-release chemical dependency beds by 10
  - ~~??~~ \$1.6 million reduction in juvenile placement funds. The legislature approved replacing the transition center funds with juvenile placement funds, thereby reducing the amount available for juvenile placement by \$1.6 million for the biennium. The juvenile placement budget has been reduced 18.0 percent from the fiscal 2000 base budget by reductions in the Executive Budget and by the legislature
  - ~~??~~ \$0.1 million reduction in the transition center budget due to reducing 2.0 FTE at the Billings Transition Center
- ?? \$6.2 million reduction in Secure Facilities. The legislature did not fund 8.0 FTE correctional officers associated with the Earned Incentive Program for a savings of \$0.4 million. In addition, the legislature reduced contract beds by \$5.8 million for the biennium, assuming the law for fourth time DUI offenders will be changed to allow appropriate fourth DUI offenders to be placed in a non-secure DUI unit

## BIENNIAL BUDGET COMPARISON

### INTRODUCTION

This section compares the legislature's budget for the 2003 biennium to the 2001 biennium. As shown in Figures 2 and 3, the legislature adopted a 2003 biennium budget that is a \$521 million (22.8 percent) increase in general fund and a \$1,186 million (21.8 percent) increase in total funds, as explained below.

The state budget is complex, and methods used for comparisons can vary considerably and be subject to manipulation. The Legislative Finance Committee (LFC) developed a budget comparisons methodology that measures budget performance using total state expenditures for state general operations funded by taxpayer taxes, licenses, and fees. The methodology addresses issues of proper representation, fairness, balance, and consistency. The procedures developed by the LFC were adopted by the 1997 legislature and became a statutory requirement. These procedures ensure consistency of application and avoid manipulation of comparison information. The comparison on the following pages were prepared using the statutory methodology. A discussion of budget comparison methodology and the statutory requirements is included in the "General Reference - Budget Basics" section of this volume, on page 145.

### CATEGORIES OF COMPARISON

Figures 2 and 3 show a biennial comparison for general fund and total funds, respectively. Each figure is divided into three sections:

1. The top part of the figure includes all appropriations in the general appropriations act (HB 2). Pay plan appropriations (HB 13) are also included for both biennia except for \$10,428,114 million in the 2003 biennium that was appropriated to the university system, but not allocated by the Office of Budget and Program Planning. HB 13 appropriations of \$4,034,500 in the 2003 biennium for contingencies are included in the second section of the figure under "Miscellaneous Appropriations." Because HB 2 includes 2003 biennium appropriations that were contingent on passage of SB 512, "Miscellaneous Appropriations" includes a reduction of \$812,778, since SB 512 was not approved;
2. Because HB 2 does not include all appropriations authorized by the legislature, the second part of the figures includes additional appropriations. This section is referred to as "Comparable Adjustments", because the items can be compared between biennia. The total shown in the "Total Leg. Budget Fiscal 02-03" (2003 biennium) column represents all legislative appropriations, except for the non-cash portion of Long-Range Building projects, proprietary funds, and appropriations from the permanent coal trust fund. Long-Range Building projects are specifically excluded from the comparisons because spending and timing vary considerably on most building projects. The building expenditures are reflected by the debt service paid (through statutory appropriations) over the term of any bonding/leasing agreement. Proprietary funds are excluded because they can be spent without an appropriation and because the funds have already been appropriated before being deposited into the proprietary funds. Appropriations from the permanent coal trust are excluded because they are used to transfer the money to another fund from which they are then appropriated and spent; and
3. The third section, "Non-comparable Adjustments" includes all 2001 biennium appropriations for budget amendments, supplemental costs, and disaster/emergency costs that cannot be estimated for the next biennium.

**House Bill 2 Comparisons**

General fund appropriations (Figure 2) increase \$186.8 million, or 8.6 percent in HB 2 and HB 13. The largest increases are primarily due to additional appropriations in:

- ?? Department of Public Health and Human Services (DPHHS) – \$80.3 million
- ?? Department of Natural Resources and Conservation (DNRC) - \$75.6 million
- ?? Commissioner of Higher Education - \$34.2 million

The increase in DPHHS is largely the result of an increase in Medicaid costs and service utilization, FAIM Phase II-R, provider rate increases, and implementation of HB 124. The increase in DNRC is the result of \$75 million appropriated to buy mineral production rights from the common school trust. Appropriations in the Department of Revenue decrease by \$65.0 million due to the replacement of local government reimbursements with a statutory appropriation by HB 124. Appropriation increases are discussed in more detail in the “Appropriation Summary” section of this volume, page 39. Total general fund increases include \$67.9 million in new proposals and \$118.9 million in other adjustments.

Total appropriations (Figure 3) increase by \$906.2 million or 18.0 percent. The largest increases are primarily due to additional appropriations in:

- ?? DPHHS – \$461.1 million
- ?? Department of Transportation - \$125.8 million
- ?? DNRC - \$86.8 million
- ?? Office of Public Instruction - \$84.2 million

The increases in total funds are due to the same factors as above, plus \$678.9 million in additional federal funds, primarily in human services (\$397.1 million), education (\$69.6 million), the Department of Transportation (\$97.6 million), and the Department of Commerce (\$61.3 million). Total increases include \$472.0 million in new proposals and \$434.1 million in other adjustments.

**Total Comparable Adjustments**

Total comparable adjustments include all miscellaneous appropriations (including portions of the employee pay plan bill not allocated in the top section of the figures and reductions due to the failure of SB 512), statutory appropriations, legislative session costs (including an estimate for the 2003 session), and other adjustments.

Figures 2 and 3 show a comparison of 2001 biennium expenditures and appropriations to 2003 biennium appropriations for general fund and total funds. The legislature adopted a 2003 biennium budget that increases general fund appropriations by \$521 million, a 22.8 percent increase. Total appropriations increase \$1,186.8 million, a 21.8 percent increase. The legislative budget for increased general fund and total spending is primarily funded with existing revenue sources, additional federal funds of \$679 million (detailed above), and additional general fund. Sources of additional general fund include: 1) \$277 million from local governments (due to enactment of HB 124); 2) \$75 million transferred from the coat trust (authorized in SB 495); and a \$57 million draw down of the general fund balance.

Figure 2  
General Fund Comparison  
01 Biennium Versus Legislative Budget 03 Biennium

Agcy Code	Agency Name	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 01 Biennium 03 Biennium
<b>House Bill 2 Plus House Bill 13</b>					
1104	Legislative Branch	\$13,727,995	\$15,823,957	\$2,095,962	15.27%
2110	Judiciary	16,698,450	20,202,495	3,504,045	20.98%
3101	Governor's Office	6,107,847	8,868,329	2,760,482	45.20%
3202	Commissioner of Political Prac	685,090	714,630	29,540	4.31%
3401	State Auditor's Office	3,434,473	675,183	(2,759,290)	-80.34%
3501	Office of Public Instruction	977,050,861	1,004,000,954	26,950,093	2.76%
4107	Crime Control Division	5,065,023	3,651,919	(1,413,104)	-27.90%
4110	Department of Justice	43,595,932	47,966,473	4,370,541	10.03%
5101	Board of Public Education	275,865	352,302	76,437	27.71%
5102	Commissioner of Higher Ed	251,568,474	285,816,582	34,248,108	13.61%
5113	School for the Deaf & Blind	6,547,437	7,190,137	642,700	9.82%
5114	Montana Arts Council	559,153	666,023	106,870	19.11%
5115	Library Commission	3,221,395	3,785,784	564,389	17.52%
5117	Historical Society	3,226,445	3,756,728	530,283	16.44%
5201	Dept. of Fish, Wildlife & Parks	836,514	563,635	(272,879)	-32.62%
5301	Dept of Environmental Quality	6,813,027	8,432,214	1,619,187	23.77%
5401	Department of Transportation	500,000	0	(500,000)	-100.00%
5603	Department of Livestock	1,216,622	1,254,655	38,033	3.13%
5706	Dept Nat Resource/Conservation	33,541,571	109,149,150	75,607,579	225.41%
5801	Department of Revenue	123,147,652	58,169,723	(64,977,929)	-52.76%
6101	Department of Administration	8,173,649	8,929,726	756,077	9.25%
6102	Appellate Defender	0	187,882	187,882	
6201	MT Dept of Agriculture	1,128,293	1,630,148	501,855	44.48%
6401	Dept of Corrections	179,593,417	198,120,415	18,526,998	10.32%
6501	Department of Commerce	4,365,703	3,624,521	(741,182)	-16.98%
6602	Labor & Industry	3,042,147	4,128,235	1,086,088	35.70%
6701	Dept of Military Affairs	5,747,977	8,686,388	2,938,411	51.12%
6901	Public Health & Human Services	<u>461,349,673</u>	<u>541,687,644</u>	<u>80,337,971</u>	<u>17.41%</u>
Total		\$2,161,220,685	\$2,348,035,832	\$186,815,147	8.64%

#### Comparable Adjustments

Employee Pay Proposal	In Above	In Above	0	
Statutory Appropriations	83,291,000	256,450,000	173,159,000	207.90%
Legislative Session Costs	6,700,000	7,028,000	328,000	4.90%
Miscellaneous Appropriations	18,865,000	203,984,000	185,119,000	981.28%
One-Time Only Costs	23,451,000		(23,451,000)	-100.00%
Anticipated Reversions	<u>(5,197,000)</u>	<u>(6,027,000)</u>	<u>(830,000)</u>	<u>15.97%</u>
Total With Comparable Adjustments	\$2,288,330,685	\$2,809,470,832	\$521,140,147	22.77%

#### Non Comparable Adjustments

Budget Amendments	0		0	
Supplementals	34,960,000		(34,960,000)	-100.00%
Disaster/Emergency Costs	<u>61,862,000</u>		<u>(61,862,000)</u>	<u>-100.00%</u>
Total With All Adjustments	\$2,385,152,685	\$2,809,470,832	\$424,318,147	17.79%



Figure 3  
All Funds Comparison  
01 Biennium Versus Legislative Budget 03 Biennium

Agcy Code	Agency Name	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 01 Biennium 03 Biennium
<b>House Bill 2 Plus House Bill 13</b>					
1104	Legislative Branch	\$17,567,733	\$20,053,837	\$2,486,104	14.15%
1112	Consumer Counsel	1,966,309	2,449,810	483,501	24.59%
2110	Judiciary	19,990,657	24,642,719	4,652,062	23.27%
2115	Mt. Chiropractic Legal Panel	27,732	30,000	2,268	8.18%
3101	Governor's Office	6,697,076	13,101,748	6,404,672	95.63%
3202	Commissioner of Political Prac	685,090	714,630	29,540	4.31%
3401	State Auditor's Office	8,924,075	7,557,909	(1,366,166)	-15.31%
3501	Office of Public Instruction	1,140,286,401	1,224,492,674	84,206,273	7.38%
4107	Crime Control Division	25,938,714	24,061,228	(1,877,486)	-7.24%
4110	Department of Justice	89,475,184	103,489,942	14,014,758	15.66%
4201	Public Service Regulation	4,827,953	6,013,916	1,185,963	24.56%
5101	Board of Public Education	625,026	708,996	83,970	13.43%
5102	Commissioner of Higher Ed	359,675,711	404,987,334	45,311,623	12.60%
5113	School for the Deaf & Blind	7,166,362	7,838,063	671,701	9.37%
5114	Montana Arts Council	1,664,138	1,899,268	235,130	14.13%
5115	Library Commission	6,688,754	8,122,583	1,433,829	21.44%
5117	Historical Society	6,194,085	8,424,365	2,230,280	36.01%
5201	Dept. of Fish, Wildlife & Parks	87,005,626	103,380,423	16,374,797	18.82%
5301	Dept of Environmental Quality	119,526,345	123,014,052	3,487,707	2.92%
5401	Department of Transportation	873,097,150	998,883,582	125,786,432	14.41%
5603	Department of Livestock	14,674,853	18,335,198	3,660,345	24.94%
5706	Dept Nat Resource/Conservation	63,653,545	150,424,522	86,770,977	136.32%
5801	Department of Revenue	131,437,558	67,956,963	(63,480,595)	-48.30%
6101	Department of Administration	10,438,689	35,341,035	24,902,346	238.56%
6102	Appellate Defender	363,318	368,930	5,612	1.54%
6201	MT Dept of Agriculture	19,867,025	22,897,122	3,030,097	15.25%
6401	Dept of Corrections	184,687,310	204,710,308	20,022,998	10.84%
6501	Department of Commerce	118,720,160	144,267,946	25,547,786	21.52%
6602	Labor & Industry	93,694,129	123,027,619	29,333,490	31.31%
6701	Dept of Military Affairs	18,398,742	27,841,101	9,442,359	51.32%
6901	Public Health & Human Services	<u>1,603,155,183</u>	<u>2,064,247,171</u>	<u>461,091,988</u>	<u>28.76%</u>
Total		\$5,037,120,633	\$5,943,284,994	\$906,164,361	17.99%

**Comparable Adjustments**

Employee Pay Proposal	In Above	In Above	0	
Statutory Appropriations	348,475,000	466,946,000	118,471,000	34.00%
Miscellaneous Appropriations *	18,865,000	203,984,000	185,119,000	981.28%
Legislative Session Costs	6,700,000	7,028,000	328,000	4.90%
One-Time Only Costs *	23,451,000		(23,451,000)	-100.00%
Anticipated Reversions	<u>(5,197,000)</u>	<u>(6,027,000)</u>	<u>(830,000)</u>	<u>15.97%</u>
Total With Comparable Adjustments	\$5,429,414,633	\$6,615,215,994	\$1,185,801,361	21.84%

**Non Comparable Adjustments**

Budget Amendments	56,574,000		(56,574,000)	-100.00%
Supplementals	79,661,000		(79,661,000)	-100.00%
Disaster/Emergency Costs	<u>64,590,000</u>		<u>(64,590,000)</u>	<u>-100.00%</u>
Total With All Adjustments	\$5,630,239,633	\$6,615,215,994	\$984,976,361	17.49%

\* Only the general fund portion is shown. All funds cannot be determined based on existing budgeting and accounting records.  
There is \$341.951 million of miscellaneous appropriations in the 2003 biennium.

Although the general fund budget increases 22.8 percent, the largest increase is in federal special revenue funds (over 78 percent) primarily due to additional expenditures in: 1) Department of Commerce - \$61.3 million; 2) the Department of Transportation - \$97.6 million; and 3) the Department of Public Health and Human Services – \$397.1 million, primarily an increase in Medicaid costs and utilization, FAIM Phase II-R, numerous grants, and accounting changes. Expenditure increases are discussed in more detail in the “Appropriations Summary” section of this volume, page 39.

### **Non-Comparable Expenditures**

Non-comparable adjustments are appropriations for the 2001 biennium that have no known corresponding appropriations for the 2003 biennium. Consequently, the increases of 17.8 percent for general fund and 17.5 percent for total funds do not represent a true picture of potential growth between biennia. This section and these comparisons are shown for informational purposes only and to complete the listing of 2001 biennium appropriations.

## **COMPARISON CAUTION**

### **Comparisons vs. Budget Base Adjustments**

This volume compares the 2003 biennium legislative budget to actual expenditures and adjusted appropriations for the 2001 biennium. The methodology used is that prescribed by the budget comparison statute, and upholds the concept of a comparison of the total state budget from biennium to biennium. This is a particularly useful practice due to the cyclical nature of annual budgets. However, because the legislative budget is prepared using a statutorily-defined process, there is a difference in the total changes indicated in this volume and those indicated in the individual agency and program budgets discussed in the “Agency Budgets and Analysis” section in volumes 3 and 4.

Because present law adjustments are added to the base year (fiscal 2000) to determine a present law budget for the 2003 biennium and budget growth as prescribed by total adjustments, the intermediate year (fiscal 2001) is ignored. This methodology facilitates budget development from a vantage point of recent, actual experience, but overstates true budget growth because all increases are measured from the base year.

Conversely, using the base year plus fiscal 2001 appropriations for budget comparisons more accurately reflects true budget growth. This is because the changes are measured from a biennium perspective that takes into account the annual change from the base year to the fiscal 2001 appropriated amount.

While consideration of increases over the base year is necessary to making budgetary decisions, the adjustments should not be used as measures of growth or for comparative purposes. When making comparisons, the total budget for the 2003 biennium should be examined in comparison to the total 2001 biennium, as described above.

## AGENCY BUDGET COMPARISONS BY FUND

The following series of tables provides, by fund type, a comparison of the 2001 biennium to the 2003 biennium agency appropriations. The 2001 biennium figures are comprised of the adjusted base fiscal 2000 actual expenditures and the adjusted fiscal 2001 appropriations. The 2003 biennium figures are agency appropriations contained in HB 2 (the General Appropriations Act) and HB 13, the pay plan bill (with the exception of contingency funds). Amounts for each fiscal year are shown, as well as combined biennium appropriations and the biennial difference. The final table shows the agency comparison for all funds. Please note that these figures, due to the inclusion of HB 13, will not exactly conform to the figures used in the "Appropriations Summary" section. Also, please note when examining the differences within individual agencies that these figures include the reorganization of the Department of Commerce, which transferred programs from that agency to the Departments of Administration, Labor and Industry, and Livestock. Reorganizations are also partially responsible for changes to the Board of Crime Control, the Department of Justice, and the Governor's Office.

### ALL FUNDS

The "All Funds" comparison table is a composite, by agency, of the following tables plus capital project funds, and shows a \$906.2 million, or 18.0 percent increase in total fund expenditures.

Figure 4 All Funds Comparison 01 Biennium Versus Legislative Budget 03 Biennium									
Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2000	Adjusted Authorized Fiscal 2001	Total Leg. Budget Fiscal 2002	Total Leg. Budget Fiscal 2003	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 01 Biennium 03 Biennium
1104	Legislative Branch	\$8,845,715	\$8,722,018	\$10,362,282	\$9,691,555	\$17,567,733	\$20,053,837	\$2,486,104	14.15%
1112	Consumer Counsel	867,516	1,098,793	1,215,840	1,233,970	1,966,309	2,449,810	483,501	24.59%
2110	Judiciary	9,767,270	10,223,387	12,605,710	12,037,009	19,990,657	24,642,719	4,652,062	23.27%
2115	Mt.Chiropractic Legal Panel	10,539	17,193	15,000	15,000	27,732	30,000	2,268	8.18%
3101	Governor's Office	3,298,954	3,398,122	8,268,620	4,833,128	6,697,076	13,101,748	6,404,672	95.63%
3202	Commissioner of Political Prac	317,129	367,961	355,213	359,417	685,090	714,630	29,540	4.31%
3401	State Auditor's Office	3,212,971	5,711,104	3,751,892	3,806,017	8,924,075	7,557,909	(1,366,166)	-15.31%
3501	Office of Public Instruction	561,084,710	579,201,691	603,030,732	621,461,942	1,140,286,401	1,224,492,674	84,206,273	7.38%
4107	Crime Control Division	10,755,576	15,183,138	12,083,518	11,977,710	25,938,714	24,061,228	(1,877,486)	-7.24%
4110	Department of Justice	43,866,540	45,608,644	51,370,079	52,119,863	89,475,184	103,489,942	14,014,758	15.66%
4201	Public Service Regulation	2,316,192	2,511,761	3,381,906	2,632,010	4,827,953	6,013,916	1,185,963	24.56%
5101	Board of Public Education	297,655	327,371	351,769	357,227	625,026	708,996	83,970	13.43%
5102	Commissioner of Higher Ed	172,273,134	187,402,577	197,630,808	207,356,526	359,675,711	404,987,334	45,311,623	12.60%
5113	School for the Deaf & Blind	3,503,888	3,662,474	3,860,914	3,977,149	7,166,362	7,838,063	671,701	9.37%
5114	Montana Arts Council	813,256	850,882	959,987	939,281	1,664,138	1,899,268	235,130	14.13%
5115	Library Commission	2,957,621	3,731,133	4,646,333	3,476,250	6,688,754	8,122,583	1,433,829	21.44%
5117	Historical Society	3,035,644	3,158,441	4,172,703	4,251,662	6,194,085	8,424,365	2,230,280	36.01%
5201	Dept. of Fish,Wildlife & Parks	43,564,202	43,441,424	51,048,221	52,332,202	87,005,626	103,380,423	16,374,797	18.82%
5301	Dept of Environmental Quality	37,792,120	81,734,225	82,934,986	40,079,066	119,526,345	123,014,052	3,487,707	2.92%
5401	Department of Transportation	422,938,047	450,159,103	491,302,808	507,580,774	873,097,150	998,883,582	125,786,432	14.41%
5603	Department of Livestock	7,220,893	7,453,960	9,095,954	9,239,244	14,674,853	18,335,198	3,660,345	24.94%
5706	Dept Nat Resource/Conservation	30,827,968	32,825,577	114,452,196	35,972,326	63,653,545	150,424,522	86,770,977	136.32%
5801	Department of Revenue	44,063,117	87,374,441	33,551,860	34,405,103	131,437,558	67,956,963	(63,480,595)	-48.30%
6101	Department of Administration	5,067,661	5,371,028	18,013,298	17,327,737	10,438,689	35,341,035	24,902,346	238.56%
6102	Appellate Defender	170,891	192,427	181,048	187,882	363,318	368,930	5,612	1.54%
6201	MT Dept of Agriculture	8,853,263	11,013,762	12,208,702	10,688,420	19,867,025	22,897,122	3,030,097	15.25%
6401	Dept of Corrections	91,500,097	93,187,213	101,101,067	103,609,241	184,687,310	204,710,308	20,022,998	10.84%
6501	Department of Commerce	48,788,736	69,931,424	70,574,613	73,693,333	118,720,160	144,267,946	25,547,786	21.52%
6602	Labor & Industry	46,164,794	47,529,335	60,883,709	62,143,910	93,694,129	123,027,619	29,333,490	31.31%
6701	Dept of Military Affairs	8,873,966	9,524,776	14,010,384	13,830,717	18,398,742	27,841,101	9,442,359	51.32%
6901	Public Health & Human Services	<u>766,844,709</u>	<u>836,310,474</u>	<u>1,018,507,855</u>	<u>1,045,739,316</u>	<u>1,603,155,183</u>	<u>2,064,247,171</u>	<u>461,091,988</u>	<u>28.76%</u>
Total		<u>\$2,389,894,774</u>	<u>\$2,647,225,859</u>	<u>\$2,995,930,007</u>	<u>\$2,947,354,987</u>	<u>\$5,037,120,633</u>	<u>\$5,943,284,994</u>	<u>\$906,164,361</u>	17.99%

## GENERAL FUND

As defined in 17-2-102, MCA, the general fund "accounts for all financial resources except those required to be accounted for in another fund." The general fund is used to fund the general operations of state government.

General fund increases by \$186.8 million, or 8.6 percent. Major reasons for this increase are:

- ?? \$35 million for increased Medicaid expenditures for current eligible recipients, and to continue provider rate increases established by the 1999 legislature
- ?? \$12.9 million for additional provider rate increases
- ?? \$26.7 for increased aid to schools, including \$5.0 million for a flexible spending account and a 1.88 percent increase each year in BASE aid and special education
- ?? \$10.7 million for correctional population growth, additional staff, and a pay exception for certain correctional staff (net of a reduction in juvenile placement)
- ?? \$7.5 million for enhanced per student state support in the Montana University System
- ?? \$29.0 million to replace 9 and 6 mill levy revenue in the Department of Public Health and Human Services and the Montana University System due to passage of HB 124
- ?? \$75.0 million to the Department of Natural Resources and Conservation to expend the proceeds of a loan from the permanent coal tax trust to purchase mineral rights to benefit schools
- ?? \$29.2 million for pay plan increases appropriated in HB 13
- ?? \$1.7 million in the Governor's Office for an Office of Economic Development

Figure 5 General Fund Comparison 01 Biennium Versus Legislative Budget 03 Biennium									
Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2000	Adjusted Authorized Fiscal 2001	Total Leg. Budget Fiscal 2002	Total Leg. Budget Fiscal 2003	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 01 Biennium 03 Biennium
1104	Legislative Branch	\$6,729,738	\$6,998,257	\$7,963,169	\$7,860,788	\$13,727,995	\$15,823,957	\$2,095,962	15.27%
2110	Judiciary	8,204,056	8,494,394	10,311,730	9,890,765	16,698,450	20,202,495	3,504,045	20.98%
3101	Governor's Office	3,024,552	3,083,295	4,403,242	4,465,087	6,107,847	8,868,329	2,760,482	45.20%
3202	Commissioner of Political Prac	317,129	367,961	355,213	359,417	685,090	714,630	29,540	4.31%
3401	State Auditor's Office	1,006,595	2,427,878	338,260	336,923	3,434,473	675,183	(2,759,290)	-80.34%
3501	Office of Public Instruction	480,885,526	496,165,335	497,151,704	506,849,250	977,050,861	1,004,000,954	26,950,093	2.76%
4107	Crime Control Division	2,511,110	2,553,913	1,807,770	1,844,149	5,065,023	3,651,919	(1,413,104)	-27.90%
4110	Department of Justice	21,562,997	22,032,935	23,634,028	24,332,445	43,595,932	47,966,473	4,370,541	10.03%
5101	Board of Public Education	137,503	138,362	174,567	177,735	275,865	352,302	76,437	27.71%
5102	Commissioner of Higher Ed	124,494,535	127,073,939	138,822,125	146,994,457	251,568,474	285,816,582	34,248,108	13.61%
5113	School for the Deaf & Blind	3,194,426	3,353,011	3,536,951	3,653,186	6,547,437	7,190,137	642,700	9.82%
5114	Montana Arts Council	280,604	278,549	341,658	324,365	559,153	666,023	106,870	19.11%
5115	Library Commission	1,597,833	1,623,562	2,005,956	1,779,828	3,221,395	3,785,784	564,389	17.52%
5117	Historical Society	1,650,520	1,575,925	1,863,294	1,893,434	3,226,445	3,756,728	530,283	16.44%
5201	Dept. of Fish, Wildlife & Parks	419,466	417,048	281,818	281,817	836,514	563,635	(272,879)	-32.62%
5301	Dept of Environmental Quality	3,266,376	3,546,651	4,361,417	4,070,797	6,813,027	8,432,214	1,619,187	23.77%
5401	Department of Transportation	250,000	250,000	0	0	500,000	0	(500,000)	-100.00%
5603	Department of Livestock	532,277	684,345	615,336	639,319	1,216,622	1,254,655	38,033	3.13%
5706	Dept Nat Resource/Conservation	16,529,294	17,012,277	91,889,816	17,259,334	33,541,571	109,149,150	75,607,579	225.41%
5801	Department of Revenue	39,981,718	83,165,934	28,767,490	29,402,233	123,147,652	58,169,723	(64,977,929)	-52.76%
6101	Department of Administration	3,955,998	4,217,651	4,452,987	4,476,739	8,173,649	8,929,726	756,077	9.25%
6102	Appellate Defender	0	0	0	187,882	0	187,882	187,882	--
6201	MT Dept of Agriculture	608,714	519,579	805,981	824,167	1,128,293	1,630,148	501,855	44.48%
6401	Dept of Corrections	89,104,188	90,489,229	97,820,001	100,300,414	179,593,417	198,120,415	18,526,998	10.32%
6501	Department of Commerce	2,095,231	2,270,472	1,790,466	1,834,055	4,365,703	3,624,521	(741,182)	-16.98%
6602	Labor & Industry	1,510,870	1,531,277	2,040,043	2,088,192	3,042,147	4,128,235	1,086,088	35.70%
6701	Dept of Military Affairs	2,793,106	2,954,871	4,386,026	4,300,362	5,747,977	8,686,388	2,938,411	51.12%
6901	Public Health & Human Services	228,813,863	232,535,810	264,480,769	277,206,875	461,349,673	541,687,644	80,337,971	17.41%
Total		\$1,045,458,225	\$1,115,762,460	\$1,194,401,817	\$1,153,634,015	\$2,161,220,685	\$2,348,035,832	\$186,815,147	8.64%

Partially offsetting these increases is a reduction in the Department of Revenue of \$70.6 million over the biennium that had been appropriated for local government reimbursements. These reimbursements will be made through a statutory appropriation in the 2003 biennium.

## STATE SPECIAL REVENUE

As defined in 17-7-102, MCA, the state special fund "consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal sources that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation."

State special revenue increases by \$33.4 million, or 4.4 percent. This increase is due to a number of offsetting increases and decreases. The primary decreases are:

- ?? \$27.7 million due to replacement of 9 and 6 mill levy revenue with general fund due to the passage of HB 124
- ?? \$19.5 million in the Department of Environmental Quality due to a reduction in requested authority for bond forfeitures
- ?? \$5.8 million in the Montana University System to replace 6 mill levy revenue reduced due to actions by the 1999 legislature

Figure 6  
State Special Revenue Fund Comparison  
01 Biennium Versus Legislative Budget 03 Biennium

Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2000	Adjusted Authorized Fiscal 2001	Total Leg. Budget Fiscal 2002	Total Leg. Budget Fiscal 2003	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 01 Biennium 03 Biennium
1104	Legislative Branch	\$2,115,977	\$1,723,761	\$2,399,113	\$1,830,767	\$3,839,738	\$4,229,880	\$390,142	10.16%
1112	Consumer Counsel	867,516	1,098,793	1,215,840	1,233,970	1,966,309	2,449,810	483,501	24.59%
2110	Judiciary	1,488,214	1,653,994	1,830,255	1,782,519	3,142,208	3,612,774	470,566	14.98%
2115	Mt.Chiropractic Legal Panel	10,539	17,193	15,000	15,000	27,732	30,000	2,268	8.18%
3101	Governor's Office	230,746	271,752	1,332,572	321,115	502,498	1,653,687	1,151,189	229.09%
3401	State Auditor's Office	2,206,376	3,283,226	3,413,632	3,469,094	5,489,602	6,882,726	1,393,124	25.38%
3501	Office of Public Instruction	1,242,216	1,266,006	935,368	6,025,620	2,508,222	6,960,988	4,452,766	177.53%
4110	Department of Justice	19,881,780	21,254,467	23,176,201	23,065,786	41,136,247	46,241,987	5,105,740	12.41%
4201	Public Service Regulation	2,300,576	2,491,662	3,368,028	2,617,817	4,792,238	5,985,845	1,193,607	24.91%
5101	Board of Public Education	160,152	189,009	177,202	179,492	349,161	356,694	7,533	2.16%
5102	Commissioner of Higher Ed	15,567,144	16,151,000	12,832,248	13,066,460	31,718,144	25,898,708	(5,819,436)	-18.35%
5113	School for the Deaf & Blind	228,068	228,069	235,065	235,065	456,137	470,130	13,993	3.07%
5114	Montana Arts Council	132,440	129,399	140,829	137,416	261,839	278,245	16,406	6.27%
5115	Library Commission	667,481	673,616	934,683	915,728	1,341,097	1,850,411	509,314	37.98%
5117	Historical Society	192,586	240,533	576,565	580,876	433,119	1,157,441	724,322	167.23%
5201	Dept. of Fish, Wildlife & Parks	31,653,448	32,745,745	35,678,694	36,663,316	64,399,193	72,342,010	7,942,817	12.33%
5301	Dept of Environmental Quality	19,857,864	62,245,331	53,619,185	14,483,906	82,103,195	68,103,091	(14,000,104)	-17.05%
5401	Department of Transportation	179,411,483	146,951,147	175,474,245	179,572,144	326,362,630	355,046,389	28,683,759	8.79%
5603	Department of Livestock	6,241,457	6,279,501	7,080,628	7,187,646	12,520,958	14,268,274	1,747,316	13.96%
5706	Dept Nat Resource/Conservation	12,791,352	14,045,047	19,728,477	16,615,742	26,836,399	36,344,219	9,507,820	35.43%
5801	Department of Revenue	252,985	252,854	468,466	487,875	505,839	956,341	450,502	89.06%
6101	Department of Administration	1,041,985	1,082,650	2,771,725	2,848,663	2,124,635	5,620,388	3,495,753	164.53%
6102	Appellate Defender	170,891	192,427	181,048	0	363,318	181,048	(182,270)	-50.17%
6201	MT Dept of Agriculture	7,451,196	9,018,186	8,399,643	8,874,527	16,469,382	17,274,170	804,788	4.89%
6401	Dept of Corrections	1,601,137	1,699,613	1,730,490	1,727,843	3,300,750	3,458,333	157,583	4.77%
6501	Department of Commerce	12,273,510	13,551,314	3,008,301	3,153,634	25,824,824	6,161,935	(19,662,889)	-76.14%
6602	Labor & Industry	13,001,709	15,020,083	23,685,009	24,576,547	28,021,792	48,261,556	20,239,764	72.23%
6701	Dept of Military Affairs	82,946	193,521	308,781	409,529	276,467	718,310	441,843	159.82%
6901	Public Health & Human Services	32,370,025	45,503,994	29,196,800	32,322,406	77,874,019	61,519,206	(16,354,813)	-21.00%
Total		\$365,493,799	\$399,453,893	\$413,914,093	\$384,400,503	\$764,947,692	\$798,314,596	\$33,366,904	4.36%

## Major increases include:

- ?? \$6.3 million county funds due to establishment of an intergovernmental transfer program in the Department of Public Health and Human Services
- ?? \$23.0 million for an accounting change, increased construction match, and assumption of maintenance of secondary highways in the Department of Transportation
- ?? \$8.7 million in the Department of Natural Resources and Conservation for state water rehabilitation projects and other operating adjustments
- ?? \$6.2 million in the Department of Fish, Wildlife and Parks for a variety of new and expanded programs
- ?? \$5.1 million in the Office of Public Instruction to expend from the flexible spending account created in SB 390
- ?? \$14.7 million for pay plan appropriated in HB 13

## FEDERAL REVENUE

As defined in 17-7-102, MCA, the federal special fund "consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government."

Federal funds increase by \$678.9 million, or 32.5 percent. The major increases occur in the department of Public Health and Human Services, although these increases, along with the increase in the Montana University System and the Department of Transportation, are skewed by the inclusion of \$172.7 million in required accounting changes. The Departments of Public Health and Human Services, Transportation, Commerce, and the Office of Public Instruction, account for 89.7 percent of the increase.

Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2000	Adjusted Authorized Fiscal 2001	Total Leg. Budget Fiscal 2002	Total Leg. Budget Fiscal 2003	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 03 Biennium
2110	Judiciary	\$75,000	\$74,999	\$463,725	\$363,725	\$149,999	\$827,450	\$677,451	451.64%
3101	Governor's Office	43,656	43,075	2,532,806	46,926	86,731	2,579,732	2,493,001	2874.41%
3501	Office of Public Instruction	78,956,968	81,770,350	104,870,527	108,513,939	160,727,318	213,384,466	52,657,148	32.76%
4107	Crime Control Division	8,244,466	12,629,225	10,275,748	10,133,561	20,873,691	20,409,309	(464,382)	-2.22%
4110	Department of Justice	2,399,789	2,300,037	3,869,417	3,937,797	4,699,826	7,807,214	3,107,388	66.12%
4201	Public Service Regulation	15,616	20,099	13,878	14,193	35,715	28,071	(7,644)	-21.40%
5102	Commissioner of Higher Ed	32,211,455	44,177,638	45,976,435	47,295,609	76,389,093	93,272,044	16,882,951	22.10%
5113	School for the Deaf & Blind	81,394	81,394	88,898	88,898	162,788	177,796	15,008	9.22%
5114	Montana Arts Council	400,212	442,934	477,500	477,500	843,146	955,000	111,854	13.27%
5115	Library Commission	692,307	1,433,955	1,705,694	780,694	2,126,262	2,486,388	360,126	16.94%
5117	Historical Society	461,688	540,326	874,498	898,276	1,002,014	1,772,774	770,760	76.92%
5201	Dept. of Fish, Wildlife & Parks	11,491,288	10,278,631	15,087,709	15,387,069	21,769,919	30,474,778	8,704,859	39.99%
5301	Dept of Environmental Quality	14,667,880	15,942,243	24,954,384	21,524,363	30,610,123	46,478,747	15,868,624	51.84%
5401	Department of Transportation	243,276,564	302,957,956	315,828,563	328,008,630	546,234,520	643,837,193	97,602,673	17.87%
5603	Department of Livestock	447,159	490,114	1,399,990	1,412,279	937,273	2,812,269	1,874,996	200.05%
5706	Dept Nat Resource/Conservation	1,507,322	1,768,253	2,833,903	2,097,250	3,275,575	4,931,153	1,655,578	50.54%
5801	Department of Revenue	1,997,926	2,085,049	2,345,698	2,487,603	4,082,975	4,833,301	750,326	18.38%
6101	Department of Administration	28,670	32,332	865,419	65,393	61,002	930,812	869,810	1425.87%
6201	MT Dept of Agriculture	518,056	1,182,096	2,641,377	650,868	1,700,152	3,292,245	1,592,093	93.64%
6401	Dept of Corrections	457,885	582,104	962,349	985,955	1,039,989	1,948,304	908,315	87.34%
6501	Department of Commerce	27,677,052	45,470,512	65,775,846	68,705,644	73,147,564	134,481,490	61,333,926	83.85%
6602	Labor & Industry	31,604,562	30,930,157	35,098,295	35,416,885	62,534,719	70,515,180	7,980,461	12.76%
6701	Dept of Military Affairs	5,997,914	6,376,384	9,315,577	9,120,826	12,374,298	18,436,403	6,062,105	48.99%
6901	Public Health & Human Services	<u>505,660,821</u>	<u>558,270,670</u>	<u>724,830,286</u>	<u>736,210,035</u>	<u>1,063,931,491</u>	<u>1,461,040,321</u>	<u>397,108,830</u>	<u>37.32%</u>
Total		<u>\$968,915,650</u>	<u>\$1,119,880,533</u>	<u>\$1,373,088,522</u>	<u>\$1,394,623,918</u>	<u>\$2,088,796,183</u>	<u>\$2,767,712,440</u>	<u>\$678,916,257</u>	32.50%

Major non-accounting change increases include:

- ?? \$362.1 million for Medicaid caseload increases and a more favorable federal matching rate, FAIM Phase II-R, and the Intergovernmental Transfer Program
- ?? \$52.4 million in the Office of Public Instruction, primarily in increased and new federal grants to schools for a variety of purposes, including school facility improvements
- ?? \$71.0 million to the Department of Transportation for continuing higher federal funds for highway construction, maintenance, administration, and planning; and due to a federal sanction associated with Montana's lack of compliance with federal open container and repeat drinking and driving sentencing requirements
- ?? \$62.2 million in the Department of Commerce, primarily for expected increases in federal Section 8 housing funds
- ?? \$10.1 million to implement the pay plan contained in HB 13

## PROPRIETARY FUNDS

As defined in 17-7-102, MCA, proprietary funds are designated as either enterprise or internal service funds. Enterprise funds "account for operations: a) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e. expenses, including depreciation) of providing goods or services to general public on a continuing basis are to be financed or recovered primarily through user charges; or b) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes." Internal service funds "account for the financing of goods or services provided by one department or agency to other department or agencies of state government or to other governmental entities on a cost reimbursed basis."

State law does not require that most internal services funds be appropriated. Therefore, any increases in the programs supported with these proprietary funds are not reflected in the table. For enterprise funds, only lottery and liquor control expenditures must be appropriated in HB 2.

Proprietary funds increase by \$5.2 million, or 23.5 percent, primarily due to provision of enterprise funds to support a portion of gambling and liquor control in the Department of Justice, and expansions in the Montana State Lottery. Proprietary funds within the Departments of Commerce, Labor and Industry, and Administration were significantly affected by the reorganization of the Department of Commerce.

Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2000	Adjusted Authorized Fiscal 2001	Total Leg. Budget Fiscal 2002	Total Leg. Budget Fiscal 2003	Total Adjusted Fiscal 00-01	Total Leg. Budget Fiscal 02-03	Difference 03 Biennium - 01 Biennium	% Change 03 Biennium
3501	Office of Public Instruction	\$0	\$0	\$73,133	\$73,133	\$0	\$146,266	\$146,266	
4110	Department of Justice	21,974	21,205	690,433	783,835	43,179	1,474,268	1,431,089	3314.32%
5117	Historical Society	730,850	801,657	858,346	879,076	1,532,507	1,737,422	204,915	13.37%
5201	Dept. of Fish, Wildlife & Parks	0	0	0	0	0	0	0	
5801	Department of Revenue	1,830,488	1,870,604	1,970,206	2,027,392	3,701,092	3,997,598	296,506	8.01%
6101	Department of Administration	41,008	38,395	8,990,112	9,003,887	79,403	17,993,999	17,914,596	22561.61%
6201	MT Dept of Agriculture	275,297	293,901	361,701	338,858	569,198	700,559	131,361	23.08%
6401	Dept of Corrections	336,887	416,267	588,227	595,029	753,154	1,183,256	430,102	57.11%
6501	Department of Commerce	6,742,943	8,639,126	0	0	15,382,069	0	(15,382,069)	-100.00%
6602	Labor & Industry	47,653	47,818	60,362	62,286	95,471	122,648	27,177	28.47%
Total		\$10,027,100	\$12,128,973	\$13,592,520	\$13,763,496	\$22,156,073	\$27,356,016	\$5,199,943	23.47%

